



Attorney General Jon Bruning

NEWS RELEASE

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AG Bruning: Settlement Nets Nebraska Medicaid \$2.2 Million

LINCOLN - Nebraska Attorney General Jon Bruning today announced a settlement agreement with pharmaceutical manufacturer GlaxoSmithKline (GSK). The federal and state civil settlement, totaling \$600 million, resolves allegations of poor manufacturing practices in the GSK facility located in Cidra, Puerto Rico. Nebraska will receive more than \$2.2 million in Medicaid reimbursement.

“Nebraskans deserve to trust the safety of their medications,” said Bruning. “This agreement provides protection to help ensure regulations are followed in the future.”

As a result of GSK’s conduct, the company will reimburse the amounts paid by Medicaid programs of Nebraska, the federal government and other participating states.

Additionally, GSK has agreed to the terms of a Corporate Integrity Agreement which will require scrutiny of GSK’s future manufacturing practices.

The investigation grew out of a false claims action filed in 2004. The whistleblower’s complaint alleged that GSK knowingly manufactured, distributed and sold four products – Paxil CR, Avandamet, Kytril and Bactroban – whose strength, purity and/or quality fell below the standards required by the FDA.

A team from the National Association of Medicaid Fraud Control Units represented the interests of the states during negotiations with GSK.

Additionally, GSK subsidiary, SB Pharmaco of Puerto Rico, where the drugs were manufactured, has agreed to plead guilty to a felony violation of the U.S. Food, Drug, and Cosmetic Act, and has agreed to pay \$150 million in criminal fines and forfeitures.

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